

August 16, 2004

Ms. Beth O'Donnell  
Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

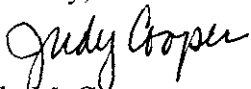
RECEIVED  
AUG 16 2004  
PUBLIC SERVICE  
COMMISSION

Re: Case No. 2000-129

Dear Ms. O'Donnell:

As part of the Order issued by the Commission in the above referenced case, Columbia Gas of Kentucky was required to file certain information on August 15, 2000 and quarterly or semi-annually thereafter. Please find the information attached hereto.

Sincerely,



Judy M. Cooper  
Director, Regulatory Policy

cc: Anita Mitchell

Prepared by Columbia Gas of Kentucky, Inc.  
August 16, 2004

**BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2000-129  
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION  
IN ORDER DATED JUNE 30, 2000**

**From the Order at Page 22:**

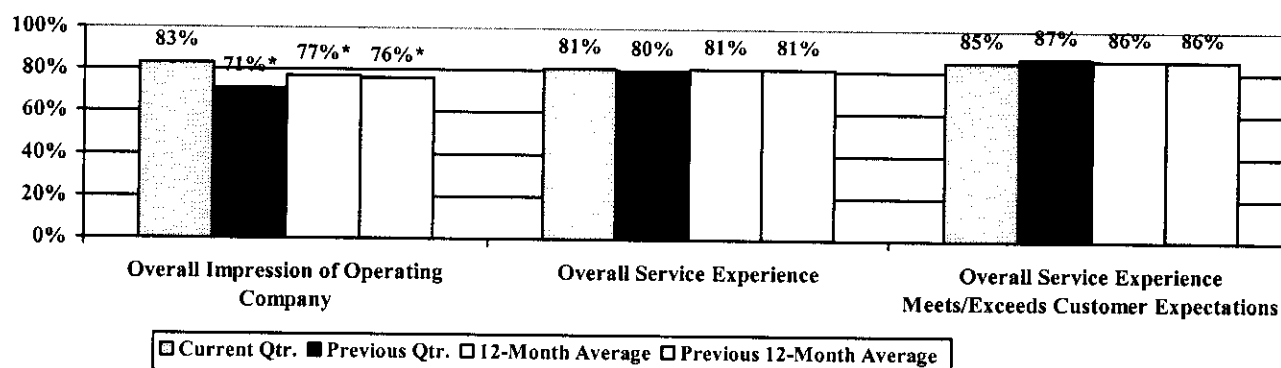
Columbia of Kentucky should file its most recent SMRI reports with the Commission on a semi-annual basis.

**Response:**

The Second Quarter report prepared in July 2004 is attached.

**-- Columbia Gas of Kentucky --****Primary Measures of Service Quality**

(Percent Rating "6" or Higher on Ten-Point Scale)



- Columbia Gas of Kentucky customers gave significantly higher ratings for the current measurement in the area of overall impression of the company compared to all previous ratings.

**Key Drivers of Satisfaction with Overall Service Experience**

	Columbia Gas of Kentucky		Change	
	Current Qtr.	12-Month Average	Previous Qtr.	12-Month Average
Phone rep taking care of request quickly and efficiently	86%	90%	-7%*	-4%
Overall service experience meeting or exceeding customer expectations	85%	86%	-2%	-1%
Overall ease of contacting company to discuss situation	85%	84%	+1%	+1%
Phone rep having necessary authority to make decisions	89%	89%	-1%	0%
Amount of time it took to complete transaction on IVRU	86%	80%	+12%	+6%
Overall performance of sales rep/ field service rep or work crew	98%	96%	+3%*	+2%*

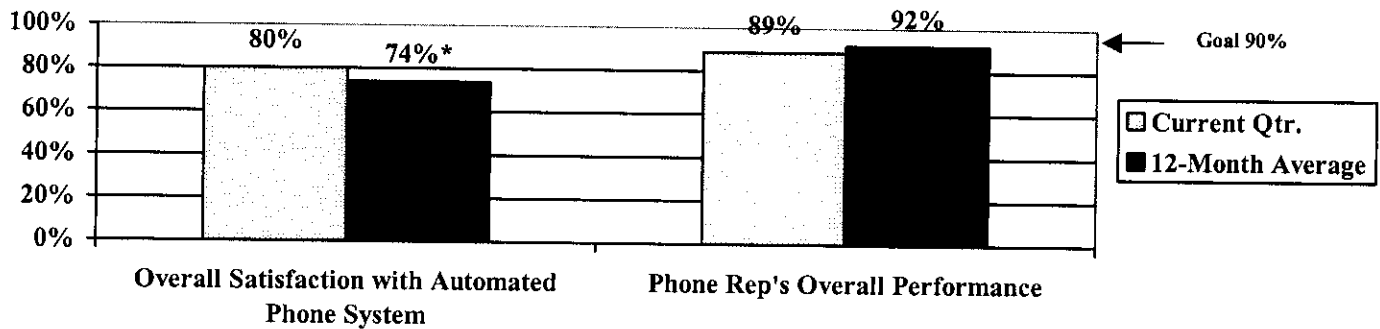
Percentage of Customers Rating "6" or Higher on Ten-Point Scale (unless otherwise noted)

- The key drivers of satisfaction with the overall service experience are shown in the table above. Customers gave a significantly higher percentage of "6" or higher ratings compared to the previous quarter and 12-month average in the area of overall performance of field service rep or work crew. Phone rep taking care of request quickly and efficiently experienced a significant decline in ratings compared to the previous quarter.

\* Indicates a statistically significant difference from current quarter at 95% confidence level.

## Overall Satisfaction with Telephone Service

(Percent Rating "6" or Higher on Ten-Point Scale)



- Customers gave significantly higher ratings to CKY for overall satisfaction with the automated phone system compared to the 12-month average.

### Automated Telephone System/Access to Reps

	Current Qtr.	Change from Previous Quarter
Variety of services and information offered	85%	+3%
Ease of understanding menu options and directions	86%	+1%
Amount of time took to get to desired menu option	81%	+6%*
Time to complete automated transaction	86%	+12%
Overall ease of contacting company	85%	+1%
Amount of time spent waiting	75%	+3%

### Telephone Rep Service

	Current Qtr.	Change from Previous Quarter
Being courteous and professional	92%	-2%
Treating you as respected customer	91%	-2%
Showing interest and concern	85%	-5%*
Displaying skill and knowledge	92%	-1%
Adequately answering questions	90%	0%
Understanding purpose of call	89%	-5%*
Having authority to make decisions	89%	-1%
Handling request quickly/efficiently	86%	-7%*

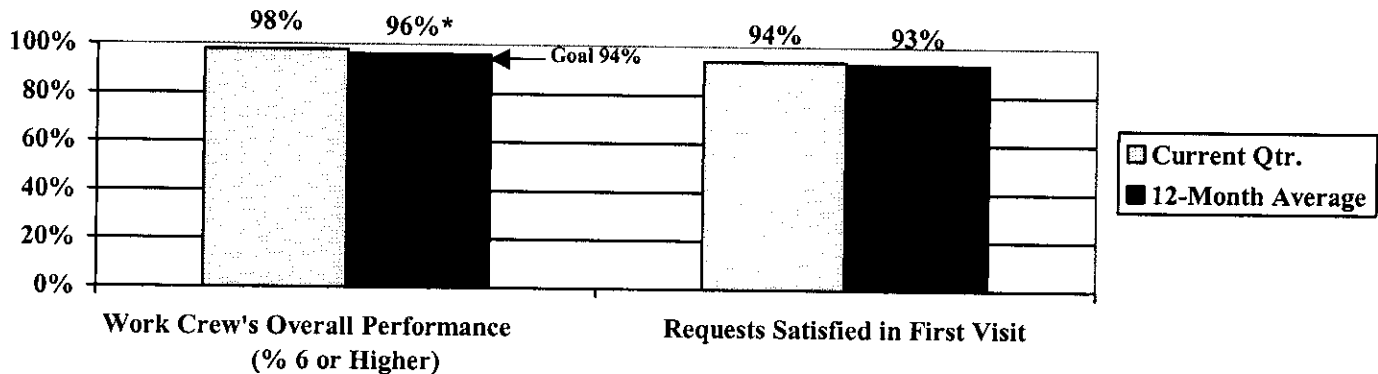
Percent rating "6" or higher on ten-point scale

- Customers gave significantly higher ratings to CKY in the area of amount of time it took to get to desired menu option. However, customers gave significantly lower ratings in three areas related to the telephone representative they spoke with.

	<b>Percentage of Cases Resolved with One Call</b>			<b>Percent Rating Phone Service as Better/Same as Peer Utilities</b>	
	<u>Current Qtr.</u>	<u>12-Month Average</u>		<u>Current Qtr.</u>	<u>12-Month Average</u>
	73%	73%		86%	82%

\* Indicates a statistically significant difference from current quarter at 95% confidence level.

## Satisfaction with Service Visit



- Customers gave significantly higher ratings to CKY for overall performance of work crew compared to the 12-month average.

### Scheduling Service Visit

	Current Qtr.	Change from Previous Quarter
Scheduling to meet customer needs	92%	+2%
Telling you when work would take place	94%	+2%
Work crew arriving on time	96%	+1%

Percent rating "6" or higher on ten-point scale

### Work Crew Performance

	Current Qtr.	Change from Previous Quarter
Being pleasant and courteous	99%	+3%
Displaying skill and knowledge	99%	+3%*
Taking time to explain work	98%	+4%*
Adequately answering questions	96%	+2%
Being informed about your request	96%	0%
Performing work quickly and efficiently	97%	+2%
Leaving work area neat and clean	97%	0%

- Customers gave significantly higher ratings in the areas of work crew displaying skill and knowledge and taking time to explain the work.

	<b>Field Service Rep/Work Crew Displaying Skill and Knowledge</b>		<b>Percent Rating Service Visit as Better/Same as Peer Utilities</b>
<u>Current Qtr.</u> 99%	<u>12-Month Average</u> 98%	<u>Current Qtr.</u> N/A	<u>12-Month Average</u> N/A

\* Indicates a statistically significant difference from current quarter at 95% confidence level.

**BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2000-129  
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION  
IN ORDER DATED JUNE 30, 2000**

**From the Order at Page B-6:**

Twelve-month income statements and balance sheets. CKY will separately report Kentucky jurisdictional operations and other jurisdictional operations.

**Response:**

- a. CEG Consolidated Income Statement, twelve-month ended June 30, 2004

See attached

- b. CEG Consolidated Balance Sheet, as of June 30, 2004

See attached

- c. CKY Income Statement, twelve-month ended June 30, 2004

See attached

- D. CKY Balance Sheet, as of June 30, 2004

See attached

**Columbia Energy Group and Subsidiaries**  
**Rolling 12-Month Income Statement**  
**For Period Ended June 30, 2004**

	For 12 Months Ended June 2004
409999000 Total Gas Distribution Sales Revenues	2,029,131,155
439999000 Total Electric Revenue	-
419999000 Total Gas Transportation Revenue	834,944,651
429999000 Total Gas Storage Revenue	104,548,731
459999000 Merchant Operations	-
449999000 Total Explor & Production Revenue	-
489999000 Total Other Revenue	91,482,818
499999000 Gross Revenues	<u>3,060,107,355</u>
500999000 Total Gas Purchased for Resale	1,278,869,258
501999000 Fuel for Electric Generation	-
502999000 Total Purchased Power	-
504999000 Gas Storage Total	-
503999000 Total Gas Marketing Costs	56,746,147
579999000 Total Other COS	260,598
580000000 FAS 133 Gain/Loss	21,219
589999000 Total Cost of Sales	<u>1,335,897,222</u>
599999000 Total Net Revenues	<u>1,724,210,132</u>
689999000 Total Operation & Maintenance	670,335,022
690999000 Depreciation, Depletion, & Amortization	164,567,005
693999000 Total Loss on Asset Impairment	-
691999000 Total Gain on Sale of Assets/Property	-18,253,377
692999000 Other Taxes	167,777,495
698999000 Total Operating Expenses	<u>984,426,145</u>
699999000 Operating Income	<u>739,783,987</u>
	-83,816,656
701999000 Minority Interest	-
Dividend Req'd Pref. Stock	-
703999000 Other, Net	21,037,108
709999000 Total Other Income (Deductions)	<u>-62,779,548</u>
719999000 Income from Cont Operations before Taxes	677,004,440
728999000 Income Taxes	228,207,677
729999000 Income from Continuing Operations	<u>448,796,763</u>
730999000 Income from Discontinue Ops - Net of Tax	30,459,984
731999000 Change in Accounting - Net of Taxes	-
Net Income Before Subsidiaries	<u>479,256,747</u>
732999000 Total Earnings of Subsidiaries	-
739999000 Net Income	<u>479,256,747</u>
740000000 Dividend Req'd on Pref Stock	-
759999000 Balance Avail for Common Shares	<u>479,256,747</u>

**Columbia Energy Group and Subsidiaries**  
**Balance Sheet**  
**ended June 30, 2004**

	<u>June 2004</u>
<b>ASSETS</b>	
Property, Plant and Equipment	
Gross Utility Plant	8,248,823
Accumulated Depreciation - Utility Plant	<u>-3,687,513</u>
Net Utility Plant	4,561,310
Gas and oil producing properties, successful efforts method	
Other property, at cost less accumulated depreciation	<u>1,804</u>
Net Property, Plant and Equipment	4,563,114
Investments and Other Assets	
Assets of Discontinued Operations	6,500
Investments at equity	35,200
Assets held for sale	14,221
Other Investments	<u>45,048</u>
Total Investments	100,968
Current Assets	
Cash (10-Q Total)	692,928
Restricted cash	804
Customer accounts receivable	110,907
Unbilled Revenue	79,293
Other receivables	-1,123
Gas inventory	138,167
Underrecovered gas and fuel costs	118,377
Materials and supplies, at average cost	21,229
Price risk management asset	45,975
Exchange gas receivable	127,587
Current regulatory assets	96,652
Prepayments and other assets	<u>50,672</u>
Total current assets	<u>1,481,468</u>
Other Assets	
Price risk management asset - nc	108,718
Noncurrent regulatory assets	350,295
Intangible assets, less accum amort	931
Deferred charges and other	<u>93,273</u>
Other Assets	<u>553,217</u>
Total Assets	<u><u>6,698,767</u></u>



**Columbia Energy Group and Subsidiaries**  
**Balance Sheet**  
**ended June 30, 2004**

**CAPITALIZATION and LIABILITIES**

**Capitalization**

Common stock	0
Additional paid-in capital	1,398,733
Retained earnings	1,314,340
Non-ABO SFAS 133	100,475
Common stock equity	<u>2,813,548</u>
Preferred Stocks -	0
Long-term debt	<u>1,356,748</u>
Total capitalization	4,170,296

**Current Liabilities**

Obligations due in one year	302
Accounts payable	246,413
Customer deposits	23,994
Taxes accrued	153,700
Interest accrued	10,884
Overrecovered gas & fuel costs	6,746
Price risk management liabilities	1,205
Exchange gas payable	248,231
Deferred revenue	22,814
Def inc taxes-current	70,283
Current regulatory liabilities	82,756
Accrued liability for postretirement and postemployment benefits-current	26,276
Other Accruals	<u>148,845</u>
Total current liabilities	1,042,449

**Other Liabilities and Deferred Credits**

Deferred income taxes	793,092
Deferred investment tax credits	26,182
Customer advances	39,781
Deferred credits	47,533
Accrued liability for postretirement and postemployment benefits-noncurrent	96,761
Noncurrent regulatory liabilities	311,180
Deferred revenue	92,407
Other noncurrent liabilities	<u>79,086</u>
Total other liabilities and deferred credits	1,486,023

Total capitalization & liabilities	6,698,767
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**Columbia Gas of Kentucky, Inc.**  
**Rolling 12-Month Income Statement**  
**For Period Ended June 30, 2004**

	For 12 Months Ended June 2004
409999000 Total Gas Distribution Sales Revenues	132,688,893
439999000 Total Electric Revenue	-
419999000 Total Gas Transportation Revenue	23,965,465
429999000 Total Gas Storage Revenue	-
489999000 Merchant Operations	-
449999000 Total Explor & Production Revenue	-
489999000 Total Other Revenue	332,752
499999000 Gross Revenues	<u>156,984,100</u>
500999000 Total Gas Purchased for Resale	106,784,934
501999000 Fuel for Electric Generation	-
502999000 Total Purchased Power	-
504999000 Gas Storage Total	-
503999000 Total Gas Marketing Costs	-
579999000 Total Other COS	-
580000000 PAS 133 Gain/Loss	21,219
589999000 Total Cost of Sales	<u>106,806,153</u>
599999000 Total Net Revenues	<u>50,177,947</u>
689999000 Total Operation & Maintenance	26,099,885
690999000 Depreciation, Depletion, & Amortization	5,097,690
693999000 Total Loss on Asset Impairment	-
691999000 Total Gain on Sale of Assets/Property	-
692999000 Other Taxes	1,518,651
698999000 Total Operating Expenses	<u>32,716,226</u>
699999000 Operating Income	<u>17,461,721</u>
	-3,072,484
701999000 Minority Interest	-
Dividend Req'd Pref. Stock	-
703999000 Other, Net	1,251,229
709999000 Total Other Income (Deductions)	<u>-1,821,250</u>
719999000 Income from Cont Operations before Taxes	<u>15,640,496</u>
728999000 Income Taxes	5,102,551
729999000 Income from Continuing Operations	<u>10,537,945</u>
730999000 Income from Discontinues Ops - Net of Tax	-
731999000 Change in Accounting - Net of Taxes	-
Net Income Before Subsidiaries	<u>10,537,945</u>
732999000 Total Earnings of Subsidiaries	-
739999000 Net Income	<u>10,537,945</u>
740000000 Dividend Req'd on Pref Stock	-
759999000 Balance Avail for Common Shares	<u>10,537,945</u>

**Columbia Gas of Kentucky, Inc.**  
**Balance Sheet**  
**ended June 30, 2004**

June 2004

**ASSETS**

**Property, Plant and Equipment**

Gross Utility Plant	239,379
Accumulated Depreciation - Utility Plant	-86,677
Net Utility Plant	152,702
Gas and oil producing properties, successful efforts method	0

**Net Property, Plant and Equipment**

152,702

**Investments and Other Assets**

**Other Investments**

-

**Current Assets**

Cash (10-Q Total)	330
Customer accounts receivable	12,980
Unbilled Revenue	2,289
Other receivables	28,627
Gas inventory	5,083
Underrecovered gas and fuel costs	6,739
Materials and supplies, at average cost	64
Exchange gas receivable	333
Current regulatory assets	555
Prepayments and other assets	882

**Total current assets**

57,882

**Other Assets**

Noncurrent regulatory assets	2,744
Intangible assets, less accum amort	-
Deferred charges and other	781

**Other Assets**

3,525

**Total Assets**

214,109

**Columbia Gas of Kentucky, Inc.**  
**Balance Sheet**  
**ended June 30, 2004**

**CAPITALIZATION and LIABILITIES**

**Capitalization**

Common stock	23,806
Additional paid-in capital	4,151
Retained earnings	56,790
Common stock equity	<u>84,748</u>
Preferred Stocks -	0
Long-term debt	<u>42,132</u>
Total capitalization	<u>126,880</u>

**Current Liabilities**

Obligations due in one year	33
Accounts payable	16,852
Customer deposits	2,585
Taxes accrued	7,258
Interest accrued	62
Price risk management liabilities	23
Exchange gas payable	7,894
Def inc taxes-current	2,693
Current regulatory liabilities	3,169
Accrued liability for postretirement and postemployment	466
benefits-current	
Other Accruals	<u>3,251</u>
Total current liabilities	<u>44,286</u>

**Other Liabilities and Deferred Credits**

Deferred income taxes	15,842
Deferred investment tax credits	1,162
Customer advances	559
Accrued liability for postretirement and postemployment	1,504
benefits-noncurrent	
Noncurrent regulatory liabilities	23,394
Other noncurrent liabilities	<u>483</u>
Total other liabilities and deferred credits	<u>42,944</u>

Total capitalization & liabilities	214,109
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**BEFORE THE PUBLIC-SERVICE COMMISSION OF KENTUCKY  
CASE NO. 2000-129  
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION  
IN ORDER DATED JUNE 30, 2000**

From the Order at pages 13 and 25:

Columbia Energy should file a schedule of its actual acquisition costs to date, including any costs allocated to it by NiSource, at the level of detail shown in response to Item 5(a) of the Commission's May 22, 2000 Order. Columbia Energy should identify any costs allocated to a subsidiary or affiliate, provide the name of the subsidiary or affiliate and the accounting entries made on its books, and identify the basis for the allocation.

**Response:**

No additional costs have been incurred since the last report.

**BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2000-129  
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION  
IN ORDER DATED JUNE 30, 2000**

**From the Order at Page 25, Item 11:**

The Applicants should file semi-annually a report detailing the adoption and implementation of best practices at Columbia of Kentucky. The report should be filed 45 days after the close of the reporting period.

**Response:**

Columbia continues to look for opportunities to implement best practices. However, there are no specific items to report upon at this time. As part of its continuous improvement perspective, Columbia continues to seek ideas and opportunities for improvement. The ideas are evaluated, analyzed and sometimes lead to implementation or further study or are dismissed at the time and may be considered again at a future date.

**BEFORE THE PUBLIC-SERVICE COMMISSION OF KENTUCKY  
CASE NO. 2000-129  
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION  
IN ORDER DATED JUNE 30, 2000**

From the Order at pages 13 and 25 (#15):

NiSource should file a schedule of its actual acquisition costs to date, at the level of detail shown in response to Item 18(a) of the Commission's May 10, 2000 Order. NiSource should specifically identify any costs allocated to Columbia Energy.

**Response:**

No additional costs have been incurred since the last report.

**BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2000-129  
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION  
IN ORDER DATED JUNE 30, 2000**

**From the Order at Page B-6, Quarterly Item 2:**

A report listing the number of employees of Columbia Energy and each subsidiary on the basis of payroll assignment.

**Response:**

See attached.



# Columbia Energy Group

## Subsidiary Staffing

As of June 30, 2004

	TOTAL
Columbia Gas of Kentucky Inc	169
Columbia Gas of Ohio Inc	1,168
Columbia Gas of Maryland Inc	45
Columbia Gas of Pennsylvania Inc	625
Columbia Gas of Virginia Inc	214
Columbia Gulf Transmission Co	242
Columbia Gas Transmission Corp	1,263
CNS Microwave Inc	2
GRAND TOTAL	3,728

**BEFORE THE PUBLIC SERVICE COMMISSION  
CASE NO. 2000-129  
INFORMATION REQUESTED BY THE PUBLIC SERVICE COMMISSION  
IN ORDER DATED JUNE 30, 2000**

**From the Order at Page B-6, Item 1:**

On a quarterly basis, Columbia Energy Group should file a report detailing the proportionate share Columbia of Kentucky (CKY) has in Columbia Energy Group's (CEG) total operating revenues, operating and maintenance expense, and number of employees.

**Response:**

See Attached

**Columbia Energy Group and Columbia of Kentucky**  
**Proportionate Shares**  
**For the Quarter Ended June 30, 2004**

	<u>Columbia of Kentucky</u>		<u>Columbia Energy Consolidated</u>		<u>NISource Inc.</u>	
<b>Gross Revenue</b>	\$	156,984,100 2.49%	\$	3,080,107,365 49%	\$	6,289,017,890 100%
<b>Operating &amp; Maintenance Expenses</b>	\$	26,089,885 2.19%	\$	870,335,022 56%	\$	1,181,988,787 100%
<b>Employees</b>		164 1.86%		3,728 43%		8,686 100%